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[redacted]

SOURCE

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The attached translation of a report concerning production of the chemical industry from 1936 to June 1948 and plans for the second half of 1948 through 1950 is sent to you for retention. This translation was made per your request.

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Statistics on Long-~~Term~~ Range Production Planning

The Main Administration for Chemistry

1. Sulphuric Acid Production (Volume in terms of SO_3)

Production in 1936	301,712	tons
Production in 1947	90,184	"
Actual production in Jan/June 1948 + planned production for Jul/Dec 1948	153,000	"
Planned production for 1949	180,000	"
Planned production for 1950	302,000	"

The production figures for 1950 also take into account the reconstruction of a plant producing sulphuric acid from gypsum at the Soviet corporation "Kombinat Wolfen".

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2. Calcined Soda

Production in 1936	300,000	tons
Production in 1947	63,000	"
Actual production in Jan/June 1948 + planned production for Jul/Dec 1948	81,000	"
Planned production for 1949	100,000	"
Planned production for 1950	100,000	"

The Soviet Military Administration of Germany (SMAD) has now reported conclusively that approval for the construction of a new soda plant is out of the question. The increase in production will have to be borne by the Stassfurt Plant exclusively, as it is figured that the Buchenau Plant, at best, can attain the 1947 level of production only by being completely reoutfitted. German officials regard the SMAD order as impossible to fulfill.

3. Caustic Soda

Production in 1936	124,000 tons
Production in 1947	8,000 "
Actual production in Jan/June 1948 + planned production for Jul/Dec 1948	27,000 "
Planned production for 1949	30,000 "
Planned production for 1950	30,000 "

Apparently the figures for 1947-1950 have been incorrectly computed by the Main Administration for Economic Planning. The actual production of the German plants alone was 25,000 tons, and the capacity of those same plants was reported to be about 30,000 tons. It is doubtful that the Main Administration for Economic Planning realized that the production potential of Bitterfeld was not taken into consideration.

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4. Phosphate Fertilizers (P_2O_5)

Production in 1936	32,000 tons
Production in 1947	8,018 "
Actual production in Jan/June 1948 + planned production for Jul/Dec 1948	28,500 "
Planned production for 1949	36,000 "
Planned production for 1950	96,000 "

New superphosphate plants with a capacity of 10,000 tons of P_2O_5 each are to be constructed in Oranienburg and Coswig. The present capacity of existing plants is given as 28,650 tons. Another project, providing for the construction of plants in Aken and Heinrichshall (Zschimmer & Schwarz Co) and at a site not yet established to produce luminescent phosphates, is under consideration; the plants are to have a capacity of 20,000 tons each. The requisite process for the production of luminescent phosphates has not yet been developed. Professor Dr. Frank, the former director of the Soviet corporation plant at Piesteritz and, at present, a professor at the Technical University at Charlottenburg,

has been appointed to direct research on the process. So far, the research has been unsuccessful, reputedly because of insufficient means. The Main Administration for Chemistry, in conjunction with the Main Administration for Agriculture, is setting up a Study Committee, which is to be given a grant of at least 200,000 RM for research purposes. The planned production for 1950 is obviously possible only if the three luminescent phosphate plants begin producing.

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5. <u>Diesel Fuel</u>

Production in 1936	43,000 tons
Production in 1947	16,000 "
Actual production in Jan/June 1948 + planned production for Jul/Dec 1948	18,000 "
Planned production for 1949	19,000 "
Planned production for 1950	19,300 "

The data from 1947 on obviously refer only to German-controlled plants, the capacities of which roughly correspond to a production of 19,000 tons.

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6. <u>Gasoline</u> (Motor Fuel)

Production in 1936	482,~~000~~ 297 tons
Production in 1947	5,800 "
Actual production in Jan/June 1948 + planned production for Jul/Dec 1948	11,000 "
Planned production for 1949	12,000 "
Planned production for 1950	14,000 "

The data from 1947 on obviously refer only to German-controlled plants. It is not clear whether or not the increase from 1948 on is planned at the expense of ~~technical benzene~~ industrial gasoline production. The capacity of the German-controlled gasoline and ~~technical benzene~~ industrial gasoline plants is about 20,000-25,000 tons.

7. Lubricating Grease

Production in 1936	300 tons
Production in 1947	35,000 "
Actual production in Jan/June 1948 + planned production for Jul/Dec 1948	33,000 "
Planned production for 1949	40,000 "
Planned production for 1950	45,500 "

The data from 1947 on obviously refer to items which have been entered under industrial greases in the production plans heretofore. The production depends on whether or not the Lützkendorf oil refinery can be supplied adequately with crude oil.

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8. Synthetic Fatty Acids

Production in 1936	----
Production in 1947	----
Actual production in Jan/June 1948 + planned production in Jul/Dec 1948	----
Planned production for 1949	1,000 tons
Planned production for 1950	2,000 "

This deals with the construction of the fatty acid installation at the Deutsche Hydrierwerke (German Hydrogenation Works) in Rodleben in accordance with SMAD Order No 286 of 5 January 1948. The installation is to be 50% operable on 1 November 1948 and completely operable on 1 November 1949.

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9. Nitrogenous Fertilizers (Volume in terms of N)

Production in 1936	177,400 tons
Production in 1947	---- "
Actual production in Jan/June 1948 + planned production for Jul/Dec 1948	28,000 "
Planned production for 1949	59,500 "
Planned production for 1950	63,000 "

The data from 1948 on are incomprehensible. German plants were producing no nitrogen in 1947. It is not clear what the figure for 1948 refers to, as the total production of nitrogenous fertilizers by plants of the Soviet corporations already in 1948 will amount to more than 120,000 tons. Apparently they have things confused with a special project for the production of ~~technical~~ commercial saltpeter. Production of ~~technical~~ commercial saltpeter for 1949 is supposed to be 59,000 tons (N), of which the Sonderhausen plants will produce 9,000 tons, the Piesteritz plants 9,000 tons, and the Bitterfeld and Wolfen plants 41,000 tons.

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Deliveries of Iron Pyrites from Bulgaria

The Import Plan for 1948 provides for the import of 170,000 tons of pyrites. Included in this figure are 20,000 tons which are covered by contract with Bulgaria. The pyrites delivered so far have proven practically worthless, as they are too coarse to be milled by the only installation in the Eastern Zone. The "Fertilia-Salzwedel" has protested about the situation to the highest appropriate court, but as yet this has borne no fruit. The SMAD-Karlshorst has demanded removal of the Bulgarian shipments and a complete revision of plans for providing the appropriate amounts for the sulfuric acid production.

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Production Plan for the 2nd Half of 1948

The Main Administration for Chemistry

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25X1 [redacted] illustrates the deficiencies in planning operations since these operations have been transferred to the Main Administration for Economic Planning of the Economic Commission. The Main Administration for Chemistry has taken the stand that its planned production figures for the 2nd half of the year should be the only valid ones. Selbmann agrees with this.

25X1 [redacted] data on planned production figures in reference to which it should be noted that they refer only to those plants incorporated into "unions of people's plants" on a zonal basis. In some cases (e.g., tires and tire-tubes for motor vehicles), the data are identical to the planned total production, as there are no manufacturers in the zone except the plants in question.

The data for synthetic jute (Zelljute) refer to the Kurmärksiche Cellulose and Synthetic Wool Factory at Wittenberge /Kurmärkische Zellstoff-und Zellwolle-Fabrik Wittenberge/, which is thus commencing operations. The data under "cellulose" apparently refers to synthetic wool (total production for 1947 of 18,423 tons). The figures for synthetic wool and rayon are valid for the whole industry in the zone except for the Wolfen plant of the Soviet corporation. The program for rayon, 2,400 tons for the second half of the year, is somewhat higher than the actual production in 1947 (4,000 tons).

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Production Plan for the Second Half of 1948

25X1 [redacted] the authorized production plan for the second half of 1948 for the Main Administration for Chemistry, signed by the director of the Main Administration for Economic Planning, Herr Leuschner. This plan provides for a production value of 261,192,000 RM.

In several instances it is necessary to revise and correct the plan. In the part of the plan referring to the plants under zonal direction, a series of items have been listed which do not fall within the sphere of the Main Administration for Chemistry, for example:

cellulose	at	12,300 tons
synthetic jute (Zelljute)	"	1,300 tons
rayon	"	2,400 tons
perlon (code for I.G. Farben commercial nylon)	"	70 tons
rubber soles and heels	"	1,120,000 pairs
rubber boots	"	240,000 pairs
various rubber shoes	"	180,000 pairs
motor vehicle tires	"	62,000 units
motor vehicle tire-tubes	"	78,600 units
asbestos products	"	590 tons
various rubberized products	"	2,670,000 RM
tar from "hard" coal	"	4,560 tons
tar from "brown" coal	"	36,000 tons
semicoke	"	130,000 tons
furnace coke	"	46,000 tons

and several other incorrect items.

Furthermore, one cannot help noticing that erroneous data are given for a number of products. It is understood that the figures for quantity and value may be confused now and then, but it is certainly careless and must occur to anyone that not 330,000 tons of penicillin can be produced, but that 330,000 RM worth is meant. Confusion like this between value-figures and quantity-figures run through a series of pharmaceutical products. What is even less excusable is the fact that a considerable number of categories of chemical manufacture are missing from the plan. The following are lacking:

potassium salts

rock salt

refined salts (Siedesalze)

pyrites and

fluorspar

barite

sulphur and

sodium thiosulphate

sodium bicarbonate

water glass

fuller's earth

zinc sulphate

zinc oxide

nickel salts and

cobalt salts

industrial gases

hydrogen peroxide

activated charcoal

inorganic pigments and dyestuffs

The enumeration of missing items can go on even further.

These deficiencies in the plan handed over [redacted] which, as 25X1
previously mentioned, bears the signature of Herr Leuschner, should
not be taken too seriously. [redacted] 25X1
From them, however, it should be learned that the production plan
prepared by the experts, namely the Main Administration for Chemistry,
is better, clearer, and the correct plan to which we will adhere
as regards production. In those items with which this plan jibes
with the plan of the Main Administration for Economic Planning,
the two plans are in agreement except for slight deviations of an
unimportant nature, so it may be concluded that the plan [redacted] 25X1
25X1 [redacted] provides a good basis for work. It is also understandable
that in such a pronouncedly specialized field as chemistry, the
non-expert is bound to make errors in terminology as well as in
the differentiation between quantity and value. In short, I wish
to say that the plan of the Main Administration for Economic
Planning, with regard to the items contained both in it and in the
plan of the Main Administration for Chemistry, is in good order
and that the Main Administration for Chemistry itself should be
made responsible for straightening out the plan of the Main
Administration for Economic Planning as regards items omitted and
items falling under the jurisdiction of some other Main Administra-
tion. We have done the former. The plan is being unified. The other
Main Administrations for industry will, undoubtedly, discover
such deficiencies in their plans and will rectify them themselves.